

EXHIBIT 3
DATE 4/1/09
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FACT SHEET - SB 234 "Brandon's Bill"

Autism Data:

- 1 in 150 children are born with autism (2002 data)
- 1.5 million Americans are affected by autism
- 10-17% increase in incidents of autism each year
- \$3.2 million per capita cost of autism over the person's lifetime without effective intervention
- 47% of children are mainstreamed as a result of intensive ABA programs
- \$1.7 million to \$2.8 million per person estimated cost benefit (avoidance) from intervention

What are Autism Spectrum Disorders (ASD)?

An ASD begins before the age of 3 and lasts throughout a person's lifetime. ASD's are developmental disabilities that cause substantial impairments in social interaction and communication and the presence of unusual behaviors and interests. The thinking and learning abilities of people with ASDs can vary- from gifted to severely-challenged.

(All the above data is from the State of Montana's Department of Health & Human Services)

SB 234 would provide insurance coverage to children with autism in the State of Montana with these guidelines:

\$50,000/year maximum benefit for a child 8 years of age or younger

\$20,000/year maximum benefit for a child 9 years of age through 18 years of age

An Actuarial Cost Estimate of SB 234 was done by Oliver Wyman Actuarial Consulting, Inc. They predicted the premium cost increase for SB 234 would be 1/3 of a percent or \$12.70/year or \$1.06/month.

SB 234 would reduce the need for government dependence. It reduces future Medicaid services, special education costs, welfare, adult services, housing and care, juvenile detention/court, individual bankruptcies & divorces, saving our state millions of dollars.

Autism is treatable. With appropriate treatment, 30 years of research has shown that children can overcome the severe symptoms of their disorder to lead very productive lives.

Health insurer posts big earnings for '07

By MIKE DENNISON
Gazette State Bureau

HELENA — Blue Cross and Blue Shield of Montana, the state's largest health insurer, reported \$21.2 million in net income for 2007 — one of its best financial years ever.

The increased earnings for Blue Cross came as the Helena-based health insurer increased premiums for customers an average of 6 percent last year and 13 percent in 2006.

At the same time, Blue Cross claims paid out to physicians, hospitals and other medical providers

■ Salaries defended, 7B

declined slightly in 2007, dropping \$1.8 million to a total of \$413.2 million.

Company spokeswoman Linda McGillen said the positive income figures are partly because of one time financial events that helped the company's bottom line.

For example, about \$16 million of its net income came from investment gains, including \$1 million in dividends paid by Blue Cross's for-profit subsidiaries such as Western States Insurance

Please see Earnings, 7

Earnings

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and \$5.3 million from the sale of APS Health Care, a company that provided "wellness" services.

Blue Cross will do the wellness programs in-house now, and is making a big push to encourage its insured customers, or "members," to lead healthier lives, McGillen said.

"We've come to the conclusion that the way you start holding down health care costs and keep insurance costs down is to help people be healthier," she said. "Our members will see some benefit in the programs and services we offer, to help them stay healthier."

Blue Cross controls half of the health insurance market in Montana and insures or administers health insurance for 320,000 people. It filed its annual report with the state auditor's office on Tuesday.

Montana's second-largest health insurer, New West Health Services, filed its report March 1, showing 2007 income and expenses closely resembling the previous year.

New West writes or administers health insurance for about 40,000 people and controls 7 percent of the Montana market. It reported 2007 net earnings of \$4.8 million, a slight decline from its \$5.2 million of net earnings the previous year.

Its earnings were about 6.7 percent of its premium income, while Blue Cross income stood at 4 percent of the company's premium income.

Each year, health insurers set their premiums based on forecasts and the previous year's claims experience, trying to predict how much money they'll need to cover claims in the coming months.

Blue Cross officials have said they try to match premiums with claims payout as closely as possible and often over or underestimate. Last year, Blue Cross had nearly \$7 million in profits solely on its health insurance business, not counting investment income.

In 2006, it lost \$6.4 million on health insurance.

Both New West and Blue Cross are organized as not-for-profit

companies, meaning they have no shareholders and must take net earnings or profits and reinvest them in the company.

The only other health insurance firm with headquarters in Montana is Allegiance Life and Health Insurance Co. of Missoula, which began selling health insurance last spring.

Allegiance has written health insurance for more than 6,000 people as of early March and has more clients in the pipeline, said the company's vice president and general counsel, Susan Witte.

Allegiance had only \$2.7 million of premium income last year and reported a net loss of \$66,000.

"That's the way it is for a start-up company in the small-group market," Witte said.

She said the company expects to keep expanding its business, because it can process claims much more quickly than its rivals and thus keep premium costs down.

Other highlights of the Montana health insurance companies' reports include:

■ Blue Cross increased its financial reserves last year to \$145 million, an increase of some \$30 million from the previous year and 60 percent greater than it was four years ago.

On a proportional basis, the Blue Cross reserves stood at 28.5 percent of its premium income last year, while New West reserves of \$177 million were 24.5 percent of premium income.

■ Blue Cross cracked half a billion dollars in premium income for the first time, clocking in at \$510 million, a 6 percent increase from the previous year. New West had nearly \$72 million in premium income, a 4 percent increase from 2006.

■ Blue Cross reported \$89 million of administrative expenses, or about 17.5 percent of its premium income. New West's administrative expenses stood at \$12 million, or slightly less than 17 percent of its premium revenue.

■ Blue Cross paid out \$16.4 million in commissions to its sales agents, or just more than 3 percent of its revenue. New West paid agents \$1.4 million in commissions, or just less than 2 percent of its income.

4/4/08

March 31, 2009

To: House Representatives

RE: SB 234, the autism insurance bill, aka "Brandon's Bill"

Dear Representatives;

I am sorry that circumstances would not allow me to be with you today, in person. However, I feel that what I have to say is **very important** for you to fully understand the impact of Senate Bill 234 on fiscal management of the State of Montana as well as the lives of those who are impacted when a child is born with autism.

I have maintained board certification in applied behavior analysis since 1988 when I worked in a state-operated residential institution, ICF/MR, for individuals with developmental disabilities in Florida. Since then, I worked 22 years in public schools as a special educator and behavioral specialist. I have a doctoral degree, and I am currently employed at Montana State University-Billings as an assistant professor of Special Education. I am not here to promote myself or my employer.

Here are my two talking points:

1. How fiscally responsible is early intervention therapy in regard to the state's general budget and resources?

At the Florida institution in the 1980s, I worked with adults who had severe retardation and autism. Many of my clients had been institutional residents since the age of two or three, when they were left to be "wards of the state" by their parents during the 1950s and 1960s. This was a normal course of action back then. The individuals in my caseload exhibited extreme levels of aggression and self-injury (for example many clients engaged in head banging, eye-gouging, slapping and biting oneself); In this setting, quality of life was an important issue. For my clients, I wrote behavioral treatment programs and ordered restraints in crisis situations.

From an operational point of view, the residential institution was never adequately funded or staffed. The costs associated with the care and treatment of these individuals was very high and the state incurred these expenses in their operating budget. Some problems related to round-the-clock care were: (a) maintaining and retaining three shifts of direct care staff on low wages and in dangerous working conditions, (b) recruiting a variety of qualified professionals (teachers, therapists, psychologists, dietitians, and medical personnel), and (c) finding skilled maintenance workers who made constant repairs to the buildings. This residential institution housed over 500 clients, and at one point, it had as many as 850 residents. In the state of Florida there were five such facilities, called "Sunland Centers". They were expensive to operate, inadequately maintained, under-staffed, and the conditions were often dangerous for both staff and residents.

I painted this picture of residential-institutional care in order to make a point. **The residents of the institution did not have access to early intervention treatment as we**

know it today. In the 1950s, resident clients were warehoused in cribs and caged beds with 40 to 50 infants and toddlers to one big day room.

We know so much more now! Early intervention therapies such as applied behavior analysis work to minimize a variety of symptoms in children with autism.

One of the most practiced and scientifically validated therapies for autism spectrum disorder is **applied behavior analysis** (also called ABA or ABA Therapy). Research on this therapy began in 1963 and was formally published as a research study in 1987 by Ivar Lovaas. Applied behavior analysis is supported as an early intervention treatment by the National Research Council's report: *Educating Children and Youth with Autism*, the US Surgeon General, and several well-known researchers in the field of autism.

Lovaas's studies have determined that roughly half of those children who underwent intensive ABA therapy at early ages (ideally before 3.5 years of age, but up to 7) and followed the program for a minimum of 2 years at 30-40 hours a week **were able to enter kindergarten and primary school grades with minimal additional support.**

Can you imagine the reduction in the numbers of residents in state-operated institutions in the 1950s if these children had the opportunity to engage in early intensive behavioral therapy? Many institutionalized individuals might have been able to function in public and private schools in our communities as they exist now.

Early intervention therapies work! The associated costs for therapy must be supported by private insurance companies so that there is a minimal impact on the state's fiscal resources.

2. Where will all these therapists come from?

Insurance companies have systems for approving providers. In regard to trained therapists (occupational therapy, physical therapy, speech/language therapy), state licensure is usually all that is required. In the case of applied behavior analysis, a licensed clinical psychologist or mental health professional who has training, coursework, and experience in applied behavior analysis can qualify. A person with certification from the Behavior Analysis Certification Board (www.bacb.com) would also qualify as a provider. Licenses are required by states, but insurance companies examine clinical experience, university preparation (coursework) and degrees.

I can report to you that Montana is developing the technical training and university coursework required for certification in applied behavior analysis. While I cannot comment further on this topic because I am a state university system employee, you should rest assured that the university system is willing and able to take on the task of training and preparing behavior analysts.

Kind regards,

Dr. Cheryl A. Young, BCABA
Board Certified Associate Behavior Analyst
Billings, Montana

Please Support Brandon's Bill

Children with autism have a disability in social communication and interaction. They are alone - cut off from our world. If children with autism receive significant interventions before age six they can learn to communicate. They will enter our world and be able to live in society. These therapies include speech and occupational therapy as well as direct ABA therapy.

The average child with autism is diagnosed at age three years. Therefore, when I diagnose a child with autism, their parents have no time to waste. They have to get therapy for their child. They have usually been paying for medical insurance for just such a catastrophe. But then they find that despite paying for insurance, they have to pay out of pocket for their therapies. Furthermore they have no time to waste. Very few can afford the therapy, so they either go into debt or forego therapy and thus miss intervention during this critical time of development.

ABA is the most effective therapy, and neither public nor private insurance, funds ABA. Children who receive ABA intervention have the best chance of being mainstreamed in school and society. That saves money by avoiding special education and public support as adults.

Please support Brandon's Bill

Laura Nicholson, MD
Developmental Pediatrician
Billings

What could it really cost the State of Montana if you don't pass SB 234 – Brandon's Bill?

A Harvard Study by Michael Ganz in 2006 estimates the average societal cost of every child with autism to be \$3.2 million dollars if they do not receive the appropriate early intervention.

In 2005, there were 11,602 children born in the State of Montana. Our state's birthrate has remained steady, within a few hundred of this number, for many years.

The rate of prevalence for autism in 1990 was 1 in 10,000 children. To demonstrate the exponential rate of growth in that prevalence, if those same children were born in 1990, only 1 or 2 children born that year would be at risk for developing autism ($11,602/10,000 = 1.16$).

Those 1 or 2 children born in 1990 will have a societal impact of \$3.2 - \$6.4 million dollars over their lifetime.

The prevalence of autism in 2005 was 1 in 150 children. Therefore 77 children born in the year 2005 are at risk of developing autism. ($11,602/150 = 77.34$). Those 77 children will have a societal impact of \$246,400,000! This is just for the children born in 2005.

2006 – The same \$246,400,000

2007 – \$246,400,000

2008 - \$246,400,000

The children born in the last 4 years will cost society nearly \$1 BILLION over their lifetimes if we don't ensure they get the early intervention prescribed to them by a Medical Doctor!

What will it cost policyholders in an increased premium by passing SB 234?

Oliver Wyman Actuarial Consulting Inc is one of the largest actuarial consulting practices in America. They provided a very detailed cost estimate for SB 234. They estimate the cost increases for the premium to Montanans to be \$12.70 per year.

\$1.06 per month – that is a half a gallon of gas per month.

3 cents per day

Would you like a real life example?

My husband & I have paid around \$1,000/mo for Brandon's necessary treatments for the last 30 months = \$30,000 out of pocket and we have health insurance. Brandon will be mainstreamed in school next year when he begins Kindergarten, saving the State of Montana's education system \$156,000 over the course of his 13 years in the public school system.

Written By: Laura Simonsen, Billings, Montana 406-698-5710